RV BUSINESS

SEPTEMBER 1986 $2.00

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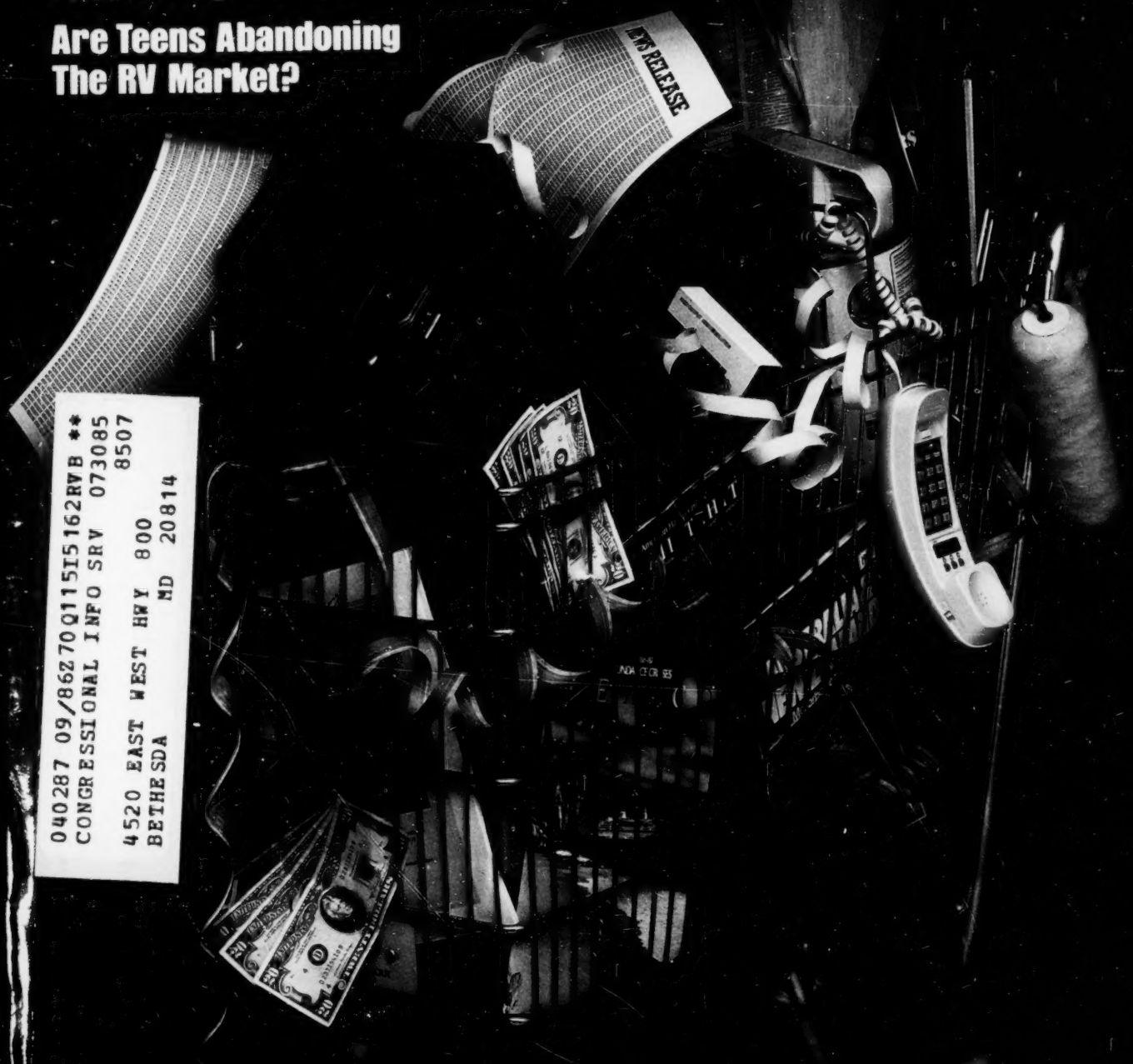
SPECIAL SECTION:

SHOPPING FOR RV MARKETING STRATEGIES

Previewing Detroit's '87 Models

Are Teens Abandoning The RV Market?



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ON THE COVER: The recipe for good sales calls for whetting the customer's appetite with an attractive blending of marketing techniques. Here's a shopping cart full of ideas for cooking up a profitable retail business. Find out how, starting on page 30. Photo: Tony Caputo

Perspective

An analysis of RVB's monthly survey of its Dealer Advisory Board Members

GAYLORD MAXWELL

	NEW						USED					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JUNE 1986	JUNE 1985	% CHANGE	1986	1985	% CHANGE	JUNE 1986	JUNE 1985	% CHANGE	1986	1985	% CHANGE
MOTORHOMES	126	136	− 8	597	718	−17	113	85	+33	554	521	+ 6
TRAVEL TRAILERS	110	121	− 9	593	576	+ 3	109	79	+38	517	461	+12
TRUCK CAMPERS	18	19	− 5	100	98	+ 2	8	10	−20	64	75	−19
CAMPING TRAILERS	158	245	−36	863	938	− 8	60	53	+13	202	210	− 4
FIFTH-WHEELS	32	31	+ 2	159	174	− 9	10	12	−17	47	55	−15

	FOR MONTH			YEAR-TO-DATE		
	JUNE 1986	JUNE 1985	% CHANGE	1986	1985	% CHANGE
SALES VOLUME	$10,393,707	$10,361,383	± 1	$53,193,319	$54,564,067	−3
TOTAL UNIT SALES	744	791	− 6	3,696	3,826	−3
NEW UNIT SALES	444	552	−20	2,312	2,504	−8
USED UNIT SALES	300	229	+26	1,384	1,322	+5

June was definitely a down month in retail sales. Of the five new-unit categories, only one was up. Fifth-wheels managed to stay in the plus column with one unit more than last June. Used units fared much better with three categories ahead of last year. Dollars taken in remained almost identical with the previous year.

Year-to-date totals show a slight, but steady, decline from 1985. Two categories are still ahead in new-unit sales, but the margins are slim. Only travel trailers remain ahead in both new and used for the year-to-date.

Year-to-date figures show no correlation between size of dealership and amount of sales, although larger and smaller businesses seem to be doing better than middle-size ones.

In terms of profits, reports are varied. One-third of the DAB dealers report earnings good or excellent, whereas two-thirds say they are fair or poor. Inventory levels are considered to be in good shape.

Although used units—particularly motorhomes and travel trailers—are selling well, profits have weakened. For several years, nearly all used units brought top dollar; now, ratings are quite mixed. Lot traffic ratings and new-buyer ratings range from low to average. In summary, the general condition of the RV retail market should be termed somewhat sluggish.

MOTORHOMES

In terms of sales, this is the most volatile of the RV types. The swing forward or backward for individual dealers is enormous, particularly for large motorhome specialists. The sales of a couple DAB members have fallen drastically, but two others have picked up. The average small dealer is down a little in new-unit sales.

Used motorhomes are much in demand, as indicated by the 33 percent in June sales and the year-to-date increase of 6 percent. The significance of used sales is vividly indicated by the fact that for the DAB, used sales figures approximate those of new units. Motorhome profits were rated good to fair by most.

TRAVEL TRAILERS

Although the total new-unit sales figure is up, both for the month and for the year-to-date, the number of DAB members who are down in this category is larger than those who are up. In fact, 11 are down and only 7 are up.

As with motorhomes, the number of used units being sold almost equals that of new. Dealers say price accounts for the popularity of used units with first-time buyers. Travel trailer profits are rated generally from fair to good.

TRUCK CAMPERS

New-unit sales were down by one unit from the previous June, but year-to-date, they are still up by a couple. Only our camper specialist on the DAB sold new units during the month. Used sales were down slightly for the month, too. Profits were rated excellent on new-unit sales.

CAMPING TRAILERS

Folding trailers started out well this year, but the trend has gone the other way for three months. Unfortunately, the drop seems to be accelerating. For the first time this year, the year-to-date figure for new units is minus. One former specialist is dropping them altogether in favor of motorhomes. Slow sales and poor profits are blamed. Profits for the month were rated poor to good.

FIFTH-WHEELS

The one unit increase in sales over last June made this the only new-unit type with a percentage increase for the month; however, the figure for the year-to-date is still down. Both of the two dealers on the DAB who have strong fiver departments were down for the month, but are still up for the year-to-date. Profits were rated poor to good. Δ

Perspective is a compilation of data provided by RVB's Dealer Advisory Board (DAB), a group comprised of 21 dealers representing a cross-section of the U.S. dealer body. This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RVIA, JUNE

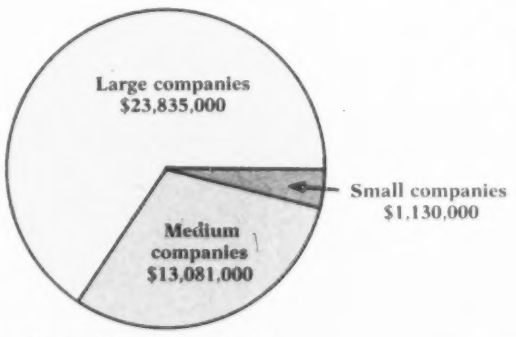
The marketing committee of the Recreation Vehicle Industry Association has announced that the total number of recreational vehicles shipped from manufacturers' plants during May 1986 was 33,900 units, up 7.6% from June 1985.

The shipment figures released by the association are contained in a report compiled for the membership by RVIA's marketing committee under the chairmanship of Allen Yoder Jr. of Jayco Incorporated, Middlebury, Indiana.

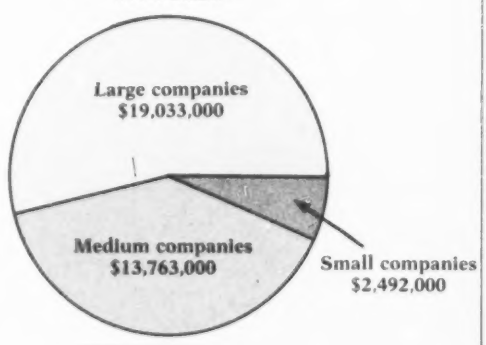
RV shipments were as follows in June 1986	June 1986	June 1985	Percent Change	Cumulative 1986	Cumulative 1985	Percent Change
TRAVEL TRAILERS	4,800	4,900	- 2.0%	31,900	33,000	- 3.3%
PARK MODELS	700	700	0%	3,900	3,900	0%
FIFTH-WHEELS	1,700	1,900	- 10.5%	12,000	11,100	+ 8.1%
TRUCK CAMPERS	800	700	+ 14.3%	4,000	4,100	- 2.4%
MULTI-USE VEHICLES (Van Conversions)	17,500	15,300	+ 14.4%	101,800	88,500	+ 15.0%
TYPE A: MOTORHOMES	2,500	2,300	- 8.7%	16,800	19,000	- 11.6%
TYPE B: VAN CAMPERS	600	800	- 25.0%	3,300	3,900	- 15.4%
TYPE C: MINI MOTORHOMES	2,700	2,200	+ 22.7%	14,900	17,000	- 12.4%
FOLDING CAMPING TRAILERS	2,600	2,700	- 3.7%	19,200	20,600	- 6.8%
TOTALS	33,900	31,500	+ 7.6%	207,800	201,100	+ 3.3%

WDA—First Quarter 1986

Total Sales Volume
$38,047,000
(in U.S. Dollars)



Average Inventory At Month End
(Total of all reporting companies: $35,288,000)
(in U.S. Dollars)



Note: Company size is determined by average monthly sales
Large = Over $500,000 per month; Medium = $100,000 to $500,000 per month; Small = Under $100,000 per month

	Average % Change In Sales Volume (Jan-Mar)	Sales To Inventory Ratio	Average Gross Profit Margin (%)	Average Collection Days For Receivables	Percent Of Receivables 60 Days Or Older
Small companies (8)*	+ 61.5	0.76	37.4	34.0	17.0
Medium companies (16)*	+ 74.0	1.03	23.8	31.0	13.6
Large companies (6)*	+ 42.2	1.42	22.0	33.9	17.6
All companies (30)	+ 64.3	1.04	27.1	32.4	15.3
All U.S. companies (24)*	+ 41.7	1.01	27.8	33.0	16.1
All Canadian companies (6)*	+ 149.6	1.15	24.2	29.8	12.3

** (number of firms reporting)*